

Handbook for the
Financial Wellbeing Journey
**Children Education
Planning**



Introduction

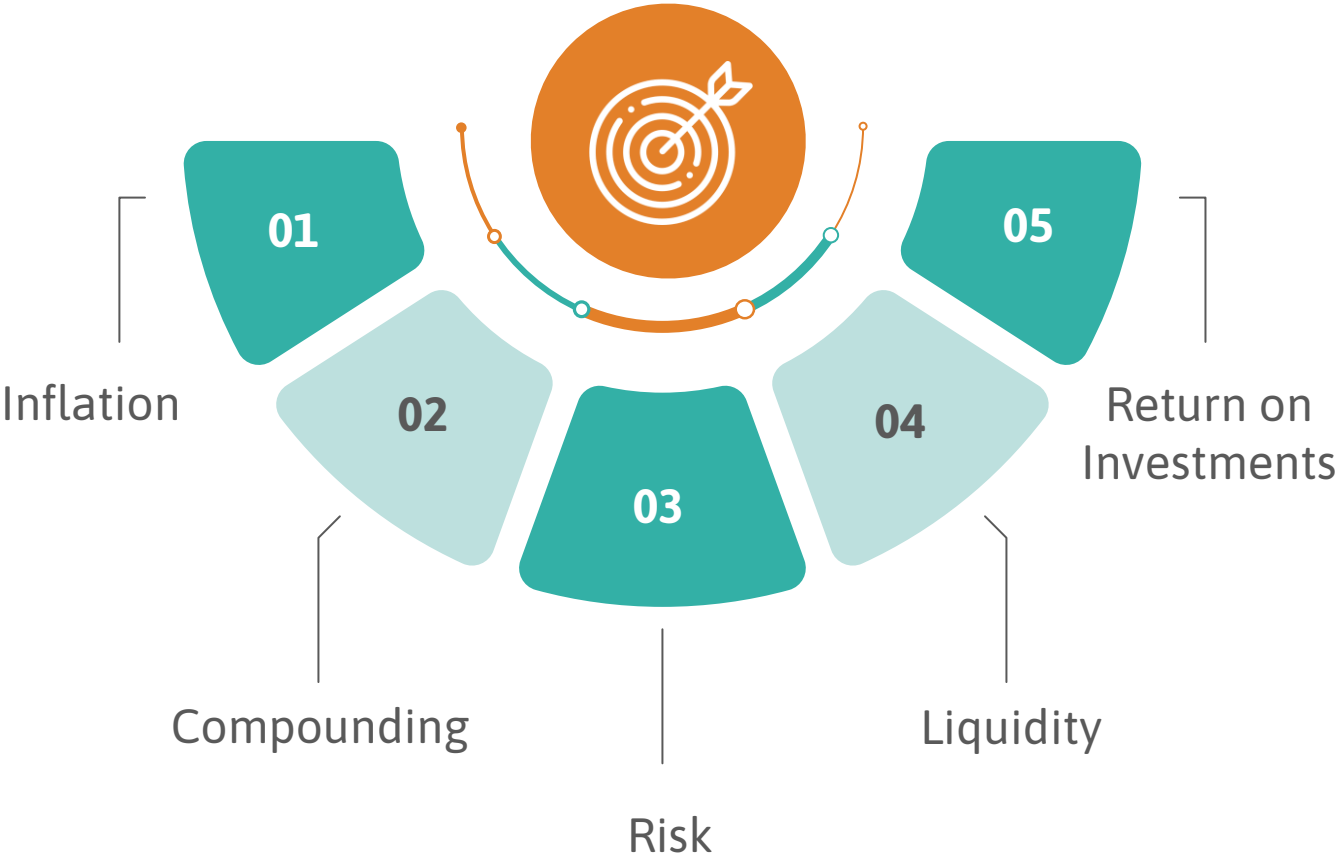
Thank you for your interest in the Financial Wellness program.
Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance:

- Factors affecting education corpus
- Various investment options for child education planning
- Useful video links to help you with further information
- Finsafe Tips



Goal Planning - Factors Affecting Investments



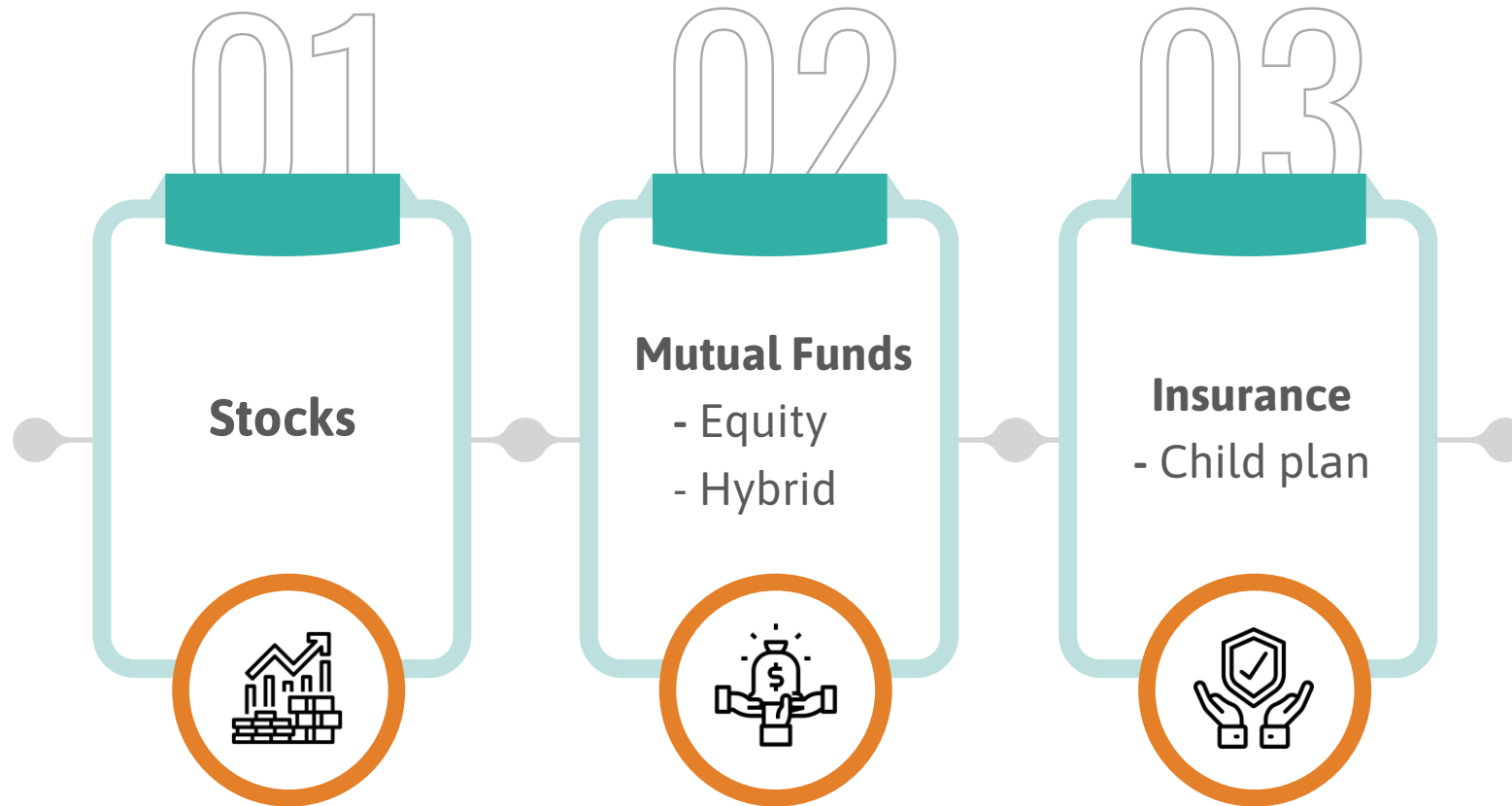
Low Risk Investments

- SSY
 - At age 18, 50% of the corpus is available
- PPF
- Debt Funds
- Products not recommended
 - NSC
 - FD
 - Covered Bonds, NCDs
 - P2P Lending

Particulars	PPF	SSY	Fixed Deposit	Debt Funds
Returns (% p.a)	7.1	7.4	5 - 6	3 - 8
Guaranteed returns	Yes	Yes	Deb	Debt Market Linked
Time frame	15 years	21 Years	Upto 5 years	Any period
Tax	Nil	Nil	At Slab	LTCG
Risk	Low	Low	Low	Medium



Types of equity options



Recommended Categories Of Equity Funds

1

**Index
Funds**

2

**Flexi cap
Funds**

3

**Balanced
Hybrid/
DAA**

4

**Midcap
Funds**



Sources for unbiased Mutual Fund recommendations

<http://www.morningstar.in/featured-reports.aspx>

Fund Name	Category	Analyst Rating	Equity Stylebox	Fixed Income Stylebox	Star Rating	Report Date
Reliance Focused Large Cap Fund - Growth	Large-Cap	Under Review	📊	-	★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review	📊	-	★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review	📊	-	★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review	📊	-	★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	🏆 Gold	📊	-	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	🏆 Gold	📊	-	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	🏆 Gold	📊	-	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	🏆 Gold	📊	-	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	🏆 Gold	📊	-	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	🏆 Gold	📊	-	★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrashort Bond	🏆 Gold	-	-	★★★★★	30 Nov 2016
Reliance Top 200 Fund - Growth	Large-Cap	🏆 Silver	📊	-	★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	🏆 Silver	📊	-	★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	🏆 Silver	📊	-	★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	🏆 Silver	📊	-	★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	🏆 Silver	📊	-	★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	🏆 Silver	📊	-	★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	🏆 Silver	-	📊	★★★★	05 Jun 2017

Mint 50 Recommended Schemes

Category	Fund Name	Assets	Assets	Assets	Assets	Assets	Assets
LARGE CAP (Core)	Aditya Birla Sun Life Frontline Equity Fund	93.35	99.43	14.53	62,000	2.79	25,980.42
	Franklin India Bluechip Fund	8.06	16.49	12.67	24.33	2.03	6,107.04
	ICICI Prudential Bluechip Fund (Formerly ICICI Pru Focused Bluechip Equity)	15.32	19.70	15.47	113,000	2.13	16,747.28
	ICICI Prudential Nifty Next 50 Index Fund ¹	13.08	22.34	N/A	—	0.85	265.36
	LTI Nifty Index Fund - Regular Plan ²	11.28	16.30	9.98	—	0.20	593.94
Category Average	9.89	17.42	13.89	—	—	—	
Nifty 500 Total Return Index	11.95	18.41	11.99	—	—	—	
LARGE AND MID CAP (Core)	Mirae Asset Emerging Bluechip Fund - Regular Plan	14.52	33.48	N/A	47,000	5.09	5,729.47
	Category Average	10.43	20.43	12.59	—	—	—
	Nifty Large Midcap 250 Total Return Index	12.47	22.44	12.41	—	—	—
MULTI CAP (Core)	Franklin India Equity Fund (Formerly Franklin India Prima Plus)	6.93	21.15	14.63	27.70	2.04	11,632.01
	Parag Parikh Long Term Equity Fund - Regular Plan (Formerly Parag Parikh Long Term Value Reg)	13.41	20.78	N/A	18.27	2.00	1,995.00
	LTI Equity Fund (for your satellite portfolio)	12.27	20.22	15.00	32,000	2.20	6,320.72
Category Average	10.65	21.25	13.91	—	—	—	
Nifty 500 Total Return Index	13.01	18.44	11.99	—	—	—	
MID CAP (Core)	L&F Midcap Fund	14.73	31.44	17.87	39.34	2.01	3,046.22
	Category Average	8.84	27.26	16.76	—	—	—
	Nifty Midcap 250 Total Return Index	14.54	27.48	16.23	—	—	—
SMALL CAP (Core)	Franklin India Smaller Companies Fund	12.67	30.46	19.24	23.55	2.15	2,284.82
	HDFC Small Cap Fund - Regular Plan	17.71	25.40	16.65	26.70	2.04	4,377.35
	Category Average	10.79	26.44	16.85	—	—	—
Nifty Smallcap 250 Total Return Index	9.88	26.78	15.27	—	—	—	
ELSS (Core)	ICICI Prudential Long Term Equity Fund (Tax Saving)	10.18	21.58	15.03	126,000	2.28	5,522.41
	Invesco India Tax Plan	12.27	23.87	16.98	48,000	2.47	1,002.16
	L&F Tax Advantage Fund	12.56	21.18	15.02	33.98	1.84	5,224.70
Category Average	10.98	20.89	15.93	—	—	—	
Nifty 500 Total Return Index	12.11	19.23	15.63	—	—	—	
VALUE ORIENTED (Core)	L&F India Value Fund	11.95	27.59	N/A	35.28	1.94	6,169.28
	Category Average	12.41	23.85	14.95	—	—	—
	Nifty 50 Value 25 Total Return Index	15.61	18.40	N/A	—	—	—
AGGRESSIVE HYBRID (Core)	Aditya Birla Sun Life Equity Hybrid 95 Fund (Formerly Aditya Birla Sun Life Equity Hybrid)	9.78	16.47	14.63	2.71	2.29	14,441.34
	HDFC Hybrid Equity Fund	10.68	21.07	16.03	N/A	2.21	25,760.80
	ICICI Prudential Equity & Debt Fund (Formerly ICICI Pru Hybrid Fund)	10.73	19.25	13.01	2.24	2.13	10,070.92
	L&F Hybrid Equity Fund (Formerly L&F India Prudence)	9.43	19.42	N/A	N/A	1.93	10,555.86
	Category Average	9.45	18.78	12.24	—	—	—
CONSERVATIVE HYBRID (Core)	Franklin India Debt Exposure Fund (Formerly Franklin India WFL 43)	6.64	10.22	6.96	2.89	2.26	376.40
	HDFC Hybrid Debt Fund	7.06	11.38	10.52	N/A	1.91	3,443.34
	Reliance Hybrid Bond Fund (Formerly Reliance Hybrid)	7.05	10.43	11.71	2.45	1.86	2,043.41
	LTI Regular Savings Fund - Regular Plan (Formerly LTI India Advantage)	6.16	12.03	10.28	N/A ¹	1.61	2,832.57
	Category Average	3.07	10.17	9.14	—	—	—
SHORT DURATION (Core)	Axis Short Term Fund	1.69	2.43	4.45	1.60	0.99	5,070.94
	HDFC Short Term Debt Fund	1.94	3.25	5.42	N/A	0.40	10,504.76
	ICICI Prudential Short Term Fund (Formerly ICICI Pru Short Term)	1.62	2.35	3.87	1.68	1.25	6,100.06
	L&F Short Term Bond Fund (Formerly L&F Short Term Bond)	1.82	2.94	4.87	1.41	0.70	2,725.34
	Category Average	1.76	2.89	4.63	1.25	0.85	9,061.30
CORPORATE BOND (Satellite)	Kotak Corporate Bond Fund - Standard Plan	1.99	3.70	4.32	0.75	0.59	993.16
	Category Average	1.72	2.71	4.43	—	—	—



Child Plans from Insurance

Traditional Endowment policy

- Traditional type of insurance
- Typically invests in Debt instruments
- Highly illiquid, as monies are usually locked in till 18 years of child's age
- Returns expected can be between 3 – 5 % p.a
- The bonus payable at maturity decides the returns

Unit Linked Insurance Plan (ULIP)

- Market linked investments
- Very High costs
- Funds locked in till 5 years
- Returns expected can be between 5 – 7 % p.a

Disadvantages:

- Parent is insured, child is only beneficiary
- Low returns
- High costs
- Conservative strategies as they may have return guarantees



Summary

- Investments in self or child's name
 - More tax efficient but would ownership of assets with child
- Invest early and regularly
- Balance Education goal with other goals
 - Retirement corpus cannot be compromised
 - Do not exit from EPF, NPS for education
- Create a trust and work with a planner and lawyer for children with special needs
 - Not at the cost of retirement corpus
 - Have children contribute
 - Marriage vs Wedding
- Financial Literacy is an essential life skill for children



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